Supreme Court, U. S.
FILED
FEB 5 1996
CLERK

No. 95-1082

In The

Supreme Court of the United States

October Term, 1995

NIPPON CARBIDE INDUSTRIES CO., INC.,

Petitioner,

v.

MINNESOTA MINING & MANUFACTURING CO., INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Eighth Circuit

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether the Eighth Circuit Court of Appeals' decision of personal jurisdiction, founded on a consideration of "minimum contacts" and "fair play and substantial justice," comports with the requirements set forth in *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 105 S. Ct. 2174 (1985) and *Asahi Metal Industry Co., Ltd. v. Superior Court*, 480 U.S. 102, 107 S. Ct. 1026 (1987).

2. Whether the Eighth Circuit Court of Appeals correctly held the exercise of personal jurisdiction was consistent with the Due Process Clause of the Fourteenth Amendment of the United States Constitution when (a) the action is for breach of a contract that was: (i) partially negotiated in the forum (during a personal visit to the forum by the defendant and during telephone conferences and correspondence from the defendant to the plaintiff in the forum); (ii) became effective when executed by the plaintiff in the forum; (iii) established ongoing obligations of the defendant in the forum; and (iv) was interpreted during plural visits by the defendant to the forum (including testing a product to determine whether it met terms in the contract); (b) the claims at issue arise directly from the defendant's contacts with the forum; (c) the interests of the forum and the convenience of the parties are evenly balanced; and (d) the defendant neither raised nor made any showing below of the *Asahi* factors which would render jurisdiction inconsistent with due process.

PARTIES TO THE PROCEEDINGS

The parties to the proceedings in the United States Court of Appeals for the Eighth Circuit were petitioner Nippon Carbide Industries Co., Inc. ("NCI") and respondent Minnesota Mining & Manufacturing Co., Inc. ("3M"). No other party appeared in the proceedings below.

Pursuant to Supreme Court Rule 29.1, respondent states that it has no parent companies. The following names all of respondent's subsidiaries except those which are wholly-owned:

Birla 3M Ltd
Corporate Design Linkage
Diaplate Benelux B.V.
Marupi-Riker Company Ltd.
Masking S.R.L.
MCM Properties Limited
P.T. 3M Indonesia
PT 3M Telecom Limited
Sancera
Sanei Road Sign
Shamash – 3M Limited
Socadisa
Sumitomo 3M Limited
Sun Abrasives Company
3M E.CC. Europa B.V.
3M Korea Limited
3M Lentelefonstroy

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

The respondent Minnesota Mining & Manufacturing Co., Inc. ("3M") respectfully requests that this Court deny the petition of Nippon Carbide Industries Co., Inc. ("NCI") for writ of certiorari which seeks review of the opinion issued below in this case by the United States Court of Appeals for the Eighth Circuit.

OPINIONS BELOW

The order of the Court of Appeals denying the petition for rehearing and suggestion for rehearing *en banc* is unreported and appears at page 9a of petitioner's appendix ("P. App. ___"). The opinion of the Court of Appeals is reported at 63 F.3d 694 (8th Cir. 1995) and is reported at pages 1a to 8a of petitioner's appendix. The opinion of the trial court granting petitioner's motion to dismiss for lack of personal jurisdiction is unreported and contained within the transcript of the hearing held on August 12, 1994 ("Tr. ___"). The order of the trial court granting petitioner's motion to dismiss is reprinted at page 10a of the petitioner's appendix.

STATEMENT OF THE CASE

In deciding that NCI is subject to personal jurisdiction in the forum state, the Eighth Circuit thoroughly and explicitly examined whether NCI has "such minimum contacts with the forum state that the maintenance of a suit does not offend traditional notions of fair play and

substantial justice." P. App. 5a. NCI erroneously argues that *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 105 S. Ct. 2174 (1984), and *Asahi Metal Industry Co., Ltd. v. Superior Court of California*, 480 U.S. 102, 107 S. Ct. 1026 (1987), require something more than the Eighth Circuit's examination of "minimum contacts" and "fair play and substantial justice," and NCI would establish a rigid formula for a court's consideration of these issues. This approach is semantic and does not undermine the sound deliberation of the Eighth Circuit, nor does it demonstrate conflict among the circuit courts of appeal with respect to the interpretation of *Burger King* and *Asahi*.

The Eighth Circuit, in a 3-0 opinion, reversed the district court's opinion dismissing for want of personal jurisdiction. Subsequently, NCI's petition for rehearing and suggestion for rehearing *en banc* was denied. The Eighth Circuit found that NCI's activities were directed toward and were for the specific purpose of effectuating the contract in dispute. P. App. 6a-7a. By purposefully coming into the State of Minnesota and negotiating and entering into a contract with a Minnesota resident, which could likely be enforced under the laws of Minnesota, NCI had purposefully availed itself of the laws of Minnesota. *Id.* The Eighth Circuit further held that the contacts between the parties were significant and resulted in a contract with on-going duties owed by both of the parties. *Id.* at 7a. Finally, relying upon the factual determination of the district court below, the Eighth Circuit held that the interest of Minnesota in this dispute was balanced by the issues of foreign law which might arise, and the inconvenience to the parties of having to litigate in foreign forums was evenly balanced. *Id.* at 8a.

This case is a breach of contract action filed in federal court pursuant to its diversity jurisdiction. Respondent Minnesota Mining & Manufacturing Co. ("3M"), through the work of Dr. Joseph McGrath, an employee of 3M, invented an improved retroreflective sheeting in the late 1970's. P. App. 2a. 3M applied for and received a United States patent for its retroreflective sheeting (the "McGrath Patent"). *Id.* In addition to the United States patent, which has now expired, 3M has eleven counterpart foreign patents for the same invention.[1] *Id.*

In the late 1980's, 3M sued Seibu Polymer Chemical Industry Co., Ltd., and Seibulite International, Inc., in Australia, Canada, the Republic of China, France, the United Kingdom and the United States, alleging that Seibu produced and sold a retroreflective sheeting known as Ultralite Grade ("ULG") which infringed the McGrath Patent and its foreign equivalents. P. App. 2a. In trials before the United States International Trade Commission and the High Court of Justice in the United Kingdom, the McGrath Patent was held to be valid and infringed. *Id.* Near the end of the U.K. litigation, NCI purchased part of the Seibu product line, including the retroreflective sheeting assets. *Id.* In late 1991, after 3M called NCI's attention to the McGrath Patent and ongoing dispute, NCI began a series of negotiations with 3M in an attempt to resolve 3M's claims of patent infringement. *Id.*

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[1] Foreign patents were obtained in Australia, Austria, Canada, France, Germany, Italy, Japan, Sweden, Switzerland, Taiwan and the United Kingdom. The Australian, Taiwanese and United States patents have expired.

During those negotiations, NCI and 3M personnel conducted several meetings: one meeting in Minnesota, one in Los Angeles, one in Honolulu, and two in Tokyo. P. App. at 2a. There were also extensive phone calls, letters and facsimiles between Japan and St. Paul, Minnesota, 3M's headquarters. *Id.* Drafts of an agreement were exchanged between the two companies. *Id.* When the language of the contract finally had been agreed upon, the contract was signed by NCI in Tokyo and then sent to 3M in Minnesota. *Id.* The contract became effective and binding upon the parties on April 29, 1992, when 3M executed it in St. Paul, Minnesota. *Id.* at 2a-3a. Under the contract, NCI agreed not to make, sell or use ULG or any other retroreflective sheeting which infringed the McGrath Patent or its foreign equivalents. *Id.* at 3a.

After entering into this agreement, NCI advised they had developed a new retroreflective-sheeting product called Nikkalite Ultralite Special Grade Sheeting ("ULS"). P. App. at 3a. NCI contacted 3M in September, 1992 to discuss whether ULS fell within the terms of the April 1992 contract: if ULS was within the contract's terms, *i.e.*, if it infringed the McGrath Patent, the product could not be sold under the terms of the contract. *Id.* This second set of negotiations took place over a year and a half with at least eight meetings in St. Paul and three other meetings in Tokyo. *Id.* Testing of the ULS sheeting occurred in Minnesota in the joint presence of NCI and 3M scientists. *Id.* Throughout this time, numerous phone calls, letters, and facsimiles were also sent between the two companies' principal places of business. *Id.* Also, during this time 3M discovered that NCI had continued selling ULG after it had executed the agreement. *Id.*

When it became clear that the negotiations were not going to resolve 3M's and NCI's dispute about ULS and ULG, 3M filed this diversity action against NCI on March 7, 1994, in its home district, the United States District Court for the District of Minnesota, where it had executed the contract. P. App. at 3a-4a. In Count I of the Complaint, 3M alleges that NCI breached the 1992 agreement by continuing to make, use or sell ULG sheeting in France, Italy and Germany. Count II alleges that NCI is making, using or selling ULS in France, Germany and Japan, also in breach of the 1992 agreement since ULS infringes the McGrath Patent, and NCI agreed not to make, use or sell such a product.

REASONS FOR DENYING THE WRIT

This case does not present this Court with the need or opportunity to resolve a supposed split in the courts of appeals as to the interpretation of *Burger King* and *Asahi*. The standard utilized by the Eighth Circuit Court of Appeals is consistent with both *Burger King* and *Asahi*, and its decision was based upon a correct application of that standard to the facts before it. Moreover, no conflict exists among the circuit courts of appeals with respect to the interpretation of this Court's decisions in *Burger King* and *Asahi*.

I. THE DECISION BELOW IS CONSISTENT WITH BOTH *BURGER KING* AND *ASAHI*.

A. The Standard Of Minimum Contacts And Fair Play And Substantial Justice Has Long Been Established As The Benchmark For The Assertion Of Personal Jurisdiction.

NCI approaches this Court seeking certiorari based on its argument that the court below failed to consider specific jurisdictional factors enumerated by this Court in *Burger King* and *Asahi*. It refers to those factors as the "reasonableness inquiry," but does not acknowledge that the analysis applied by the Eighth Circuit encompasses reasonableness within its own identified factors and its determination of "fair play and substantial justice."

In *Burger King*, the Court reiterated its premise established in *International Shoe Co. v. Washington*, 326 U.S. 310, 316, 66 S. Ct. 154, 158 (1945), that the "constitutional touchstone" in determining jurisdiction remains "whether the defendant purposefully established 'minimum contacts' in the forum state." *Burger King*, 471 U.S. at 474, 105 S. Ct. at 2183. Once minimum contacts have been established, those contacts may be considered in light of other factors to determine whether the exercise of jurisdiction would be consistent with "fair play and substantial justice." *Id.* at 478, 101 S. Ct. at 2184, citing *International Shoe*, 326 U.S. at 320, 66 S. Ct. at 160.

Relying on the factors set forth in *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292, 100 S. Ct. 559, 564 (1980), *Burger King* went on to state that in appropriate cases, courts may evaluate the following factors in determining whether jurisdiction was reasonable and

thereby consistent with fair play and substantial justice: (1) the burden on the defendant; (2) the forum state's interest in adjudicating the dispute; (3) the plaintiff's interest in obtaining convenient and effective relief; (4) the interstate judicial system's interest in obtaining the most efficient resolution of controversies; and (5) the shared interest of the several states in furthering fundamental substantial social policies. *Burger King*, 471 U.S. at 477, 105 S. Ct. at 2184.

If minimum contacts are present, a defendant who seeks to defeat jurisdiction must present a compelling reason that the presence of other considerations listed in *Burger King* would make jurisdiction unreasonable. *Burger King*, 471 U.S. at 477, 105 S. Ct. at 2185. Such considerations, this Court recognized, may usually be "accommodated" short of finding jurisdiction unconstitutional. *Id.* at 477, 101 S. Ct. at 2185. Thus, a defendant claiming a substantial burden in litigating in the forum may seek a change of venue. *Id.* Similarly, the potential clash of social policies may be accommodated through application of the forum's choice-of-law rules. *Id.*[2]

The factors to be used in determining "fair play and substantial justice" were subsequently affirmed in *Asahi Metal Industry Co.*, which applied them to the case of an

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[2] "[M]inimum contacts analysis presupposes that two or more states may be interested in the outcome of a dispute, and the process of resolving potentially conflicting 'fundamental substantive social policies,' . . . can usually be accommodated through choice-of-law rules rather than through outright preclusion of jurisdiction in one forum." *Burger King*, 471 U.S. at 485, 105 S. Ct. at 2188 (citations omitted).

alien defendant. The Court recognized the burden upon a foreign defendant in defending a lawsuit in a foreign land, stating: "[T]he unique burdens placed upon one who must defend oneself in a foreign legal system should have significant weight." *Asahi*, 480 U.S. at 114, 107 S. Ct. at 1033. At the same time, the Court continued, when minimum contacts have been established, often the interests of the plaintiff and the forum in the exercise of jurisdiction "will justify even the serious burdens placed on an alien defendant." *Id.* at 114, 107 S. Ct. at 1033.

Following the original language of *World-Wide Volkswagen*, *Asahi* summarized the last two *Burger King* factors of interests of other states in (1) the efficient judicial resolution of the disputes, and (2) advancement of substantive policies, as "the procedural and substantive policies of other states." *Asahi*, 480 U.S. at 115, 107 S. Ct. at 1034. The Court stated that, when an alien defendant is involved, courts should consider the procedural and substantive policies of other *nations* whose interests may be affected by the exercise of jurisdiction. *Id.* Recognizing that the interests will differ from case to case, the Court instructed that the interests of other nations, as well as the United States' interest in foreign relations policies:

> " . . . will be best served by a careful inquiry into the reasonableness of the assertion of jurisdiction in the particular case, and an unwillingness to find the serious burdens on an alien defendant outweighed by minimal interests on the part of the plaintiff or the forum State."

Id. *Asahi* signaled that while some inquiry is necessary, a mechanical and literal application of these two particular *Burger King* and *Asahi* factors is not required; careful

inquiry into the reasonableness of jurisdiction will suffice. Indeed, *Asahi* itself contains no substantive discussion of the application of these factors in light of the facts before it. *Asahi*, 480 U.S. at 115, 107 S. Ct. at 1034.

In a purely semantic exercise, NCI has taken the two-part analysis of minimum contacts and fair play and substantial justice and attempted to graft onto it factors expressed in *Burger King* and *Asahi* to create yet a third level of analysis – the "reasonableness inquiry." It is this level of analysis, beyond its admitted consideration of fair play and substantial justice, which NCI contends the Eighth Circuit did not conduct. *Burger King* and *Asahi* did not, however, create a separate reasonableness inquiry to be utilized in determining whether the exercise of personal jurisdiction was appropriate. To the contrary, the Court's decisions in these cases reaffirmed the fundamental analysis of minimum contacts and fair play and substantial justice. The concept of reasonableness is synonymous with, rather than distinct from, fair play and substantial justice. Indeed, the language of *Asahi* made clear that reasonableness is part and parcel of fair play and substantial justice:

> "The strictures of the Due Process Clause forbid a state court to exercise personal jurisdiction over Asahi under circumstances that would offend 'traditional notions of fair play and substantial justice.' . . . We have previously explained that the determination of the reasonableness of the exercise of jurisdiction in each case will depend on an evaluation of several factors." (citations omitted).

Asahi, 480 U.S. at 113, 107 S. Ct. at 1033.[3] The legacy of *Burger King* and *Asahi* is that minimum contacts must be considered in light of other factors to determine whether jurisdiction would be consistent with fair play and substantial justice. The determination of fair play and substantial justice, just as the court below determined, also determines the reasonableness of the jurisdictional finding.

B. NCI Failed To Raise The Issues It Now Characterizes As *Burger King* Or *Asahi* Factors In The Proceedings Before Both The District Court And Eighth Circuit, Nor Did It Make Any Showing Thereof.

NCI has conceded the propriety of the determination of the court below as to the existence of the requisite minimum contacts. Now it seeks certiorari on the allegation that the Eighth Circuit failed to consider the *Burger King* and *Asahi* factors. NCI, however, chose to focus both its motion to dismiss and opposition to 3M's appeal on the test consistently applied by the Eighth Circuit, and raised the issue of a separate "reasonableness inquiry" for the first time in its petition. Certiorari is unwarranted for that reason alone. *Delta Air Lines, Inc. v. August*, 450 U.S. 346, 362, 101 S. Ct. 1146, 1156 (1981) ("question

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[3] *See also, Burger King*, 471 U.S. at 477-78, 105 S. Ct. at 2185; *Rush v. Savchuk*, 444 U.S. 320, 332, 100 S. Ct. 571, 579 (1980) ("[i]f a defendant has certain judicially cognizable ties with a state, a variety of factors relating to the particular cause of action may be relevant to the determination of whether the exercise of jurisdiction would comport with 'traditional notions of fair play and substantial justice.' ")

presented in petition but not raised in court of appeals is not properly before us"). *Youakim v. Miller*, 425 U.S. 231, 234, 96 S. Ct. 1399 (1976) ("ordinarily, this Court does not decide questions not raised or involved in the lower court").

Furthermore, once a plaintiff has made out a *prima facie* case of minimum contacts, the burden shifts to the defendant to present a compelling case that the presence of the *Burger King* and *Asahi* considerations would render jurisdiction inconsistent with fair play and substantial justice. *Burger King*, 471 U.S. at 477, 105 S. Ct. at 2185. NCI never mentioned below what it terms the *Burger King* or *Asahi* "reasonableness factors," or provided support for those factors, let alone asking the court below to consider them. It certainly has not met its burden. Nevertheless, the opinion of the court below clearly indicates that the Eighth Circuit panel considered the *Burger King* and *Asahi* factors in substance, if not in form, and found the exercise of jurisdiction to be consistent with fair play and substantial justice.

C. The Standard Utilized By The Eighth Circuit Is Consistent With *Burger King* And *Asahi*.

In its petition for certiorari, NCI does not recognize that the Eighth Circuit incorporates the concept of reasonableness into the requirement of fair play and substantial justice when it analyzes the appropriateness of assertion of jurisdiction. The five-part jurisdiction test utilized by the Eighth Circuit was first established in its decision in *Aftanase v. Economy Baler Co.*, 343 F.2d 187 (8th Cir. 1965) (Blackmun, J.). In *Aftanase*, the court analyzed

the decisions of *International Shoe* and its progeny and found that the precedent of this Court required not only a showing of minimum contacts but a standard of reasonableness in light of the existing contacts consistent with fair play and substantial justice. *Aftanase*, 343 F.2d at 195-96. *Aftanase* then examined the principles and guidelines set forth in *International Shoe; Travelers Health Ass'n v. Com. of Virginia ex rel. State Corp. Comm'n*, 339 U.S. 643, 70 S. Ct. 927 (1950); *Perkins v. Benguet Consol. Mining Co.*, 342 U.S. 437, 72 S. Ct. 413 (1952); *McGee v. International Life Ins. Co.*, 355 U.S. 220, 78 S. Ct. 199 (1957); and *Hanson v. Denckla*, 357 U.S. 235, 78 S. Ct. 1228 (1958), and formulated the five-part test which the Eighth Circuit still applies today:

> (1) the nature and quality of the defendant's contacts with the forum state; (2) quantity of contacts; (3) source and connection of the cause of action with those contacts; (4) the interest of the forum state in providing a forum for its residents; and (5) the convenience of the parties.

Aftanase, 343 F.2d at 195-197; *Northrup King Co. v. Compania Productora Semillas*, 51 F.3d 1383, 1387-88 (8th Cir. 1995); *Bell Paper Box, Inc. v. U.S. Kids, Inc.*, 22 F.3d 816, 819 (8th Cir. 1994); *Gould v. P. T. Krakatau Steel*, 957 F.2d 573 (8th Cir.), *cert. denied*, ___ U.S. ___, 113 S. Ct. 304 (1992).[4]

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[4] Applying the five factors, *Aftanase* held that jurisdiction was consistent with fair play and substantial justice and did not violate due process: "we here have more than the minimum contacts which the Supreme Court has prescribed as the standard and we see nothing unreasonable in requiring the defense of the suit in a Minnesota tribunal." *Aftanase*, 343 F.2d at 197.

If it is shown that the nature, quality and quantity of the contacts of the defendant with the jurisdiction, as well as the relationship of the contacts to the cause of action is minimal, factors of the state's interest and convenience of the parties cannot, in and of themselves, control. *Aaron Ferer & Sons Co. v. American Compressed Steel*, 564 F.2d 1206, 1210, n.5 (8th Cir. 1977). In contrast, once there has been a determination of minimum contacts, the focus then shifts to whether, in light of the interests of the forum state and burdens upon the parties, exercise of jurisdiction is reasonable and therefore comports with fair play and substantial justice.

The Eighth Circuit had thus already incorporated an inquiry about the reasonableness of jurisdiction into the determination of fair play and substantial justice even before the decisions of *Burger King* and *Asahi*, and has continued to do so. In fact, NCI acknowledges in its petition that the Eighth Circuit standard incorporates the first three *Burger King* and *Asahi* factors. NCI's petition at p. 11. *Asahi* does not require a literal application of the other factors, and the post-*Burger King* and *Asahi* opinions of the Eighth Circuit indicate that a careful inquiry into the reasonableness of the assertion of jurisdiction is consistently made. *See, e.g., Watlow Electric Manufacturing Co. v. Patch Rubber Co.*, 838 F.2d 999, 1002-1003 (8th Cir. 1988) (the court, citing the *Burger King* and *Asahi* factors, found the defendant had presented no compelling reasons why the exercise of jurisdiction was unfair). The Eighth Circuit has clearly recognized *Burger King* and *Asahi*, particularly when an alien defendant is involved. For example, in *Falkirk Mining Co. v. Japan Steel Works, Ltd.*, 906 F.2d 369,

374-376 (8th Cir. 1990), the court applied the Eighth Circuit test, and then, noting that it had previously incorporated several of *Asahi's* jurisdictional considerations into its five-part test, went on to find that the additional *Asahi* factors (interest of the plaintiff, effective resolution of disputes and advancement of substantive policies) supported its finding that no personal jurisdiction existed. *Id.* Like the Eighth Circuit's decision below in this matter, the *Falkirk* court did not delineate the basis for its conclusion that the last two factors "do not favor the exercise of jurisdiction here because a foreign corporation is at issue," but made clear that the "careful inquiry" it was required to make before exercising jurisdiction over a foreign defendant supported its conclusion. *Id. See also, Sybaritic, Inc. v. Interport International, Inc.*, 957 F.2d 522, 524 (8th Cir. 1992) (Eighth Circuit upheld a lower court decision which specifically applied the five *Asahi* factors and confirmed the consistency of its five-part test with *Burger King* and *Asahi,* stating "this analytical framework incorporates the notions of both "minimum contacts" and "fair play and substantial justice").

The decisions of the Eighth Circuit illustrate that it utilizes the two-part analysis of minimum contacts and fair play and substantial justice, and that no conflict exists between the Eighth Circuit and this Court's precedents in *Burger King* and *Asahi.*[5] While there are reported

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[5] A number of the decisions cited by NCI which allegedly conflict with *Burger King* and *Asahi* actually predate those decisions. *See, Thompson v. Ecological Science Corp.*, 421 F.2d 467, 469 (8th Cir. 1970); *Douglas Mach. & Eng'g Co. v. Hyflow Blanking*

decisions which do not literally apply the *Burger King* and *Asahi* factors, each decides the jurisdictional issue based on both minimum contacts and fair play and substantial justice.[6] This analysis, properly applied, meets each of the specific factors set forth by this Court.

Press Corp., 229 N.W.2d 784, 789 (Iowa 1975); *Zerbel v. H. L. Federman & Co.*, 179 N.W.2d 872, 878-79 (Wisc. 1970), *appeal dismissed*, 402 U.S. 902, 91 S. Ct. 1379 (1971).

[6] *See Northrup King*, 51 F.3d at 1387-1389 (jurisdiction upheld where alien defendant made numerous visits to forum to discuss business dealings, exchanged correspondence which resulted in sale out of which suit arose, and interest of the forum and convenience of parties favored jurisdiction); *Bell Paper Box*, 22 F.3d at 819-820 (jurisdiction upheld where there were personal visits and correspondence to the forum; contract performed in its entirety in the forum; final product shipped "F.O.B." to forum; and inconvenience to the parties equal); *Gould*, 957 F.2d 573 at 576 (upheld lower court decision that Eighth Circuit test, *Burger King* and *Asahi* compelled finding of contacts insufficient to satisfy due process and exercise of jurisdiction would offend fair play and substantial justice); *Soo Line R. Co. v. Hawker Siddeley Canada, Inc.*, 950 F.2d 526, 528-530 (8th Cir. 1991) (lack of contacts overrides interest of forum and whatever convenience may exist from litigating in forum). Two other decisions of the Eighth Circuit relied upon the two-part minimum contacts and fair play and substantial justice analysis, rather than its five-part test, because the court found that the requisite minimum contacts were so extensive that the assertion of jurisdiction was consistent with fair play and substantial justice. *See, Barone v. Rich Bros. Interstate Display Fireworks*, 25 F.3d 610, 612-615 (8th Cir.), *cert. denied sub nom. Hoysoya Fireworks Co., Ltd. v. Barone*, ___ U.S. ___, 115 S. Ct. 359 (1994) (finding that sufficient contacts existed under the stream of commerce theory; modern transportation and communication make it less burdensome for foreign defendants to defend themselves; and plaintiff's choice of forum comports with due process); *Portnoy*

D. The Exercise Of Jurisdiction In This Case Is Clearly Consistent With Fair Play And Substantial Justice Under *Burger King* And *Asahi*.

In reaching its decision, the Eighth Circuit properly applied the requirements of minimum contacts, as well as fair play and substantial justice, to the facts before it, stating:

> " . . . jurisdiction is proper only if the defendant has such minimum contacts with the foreign state that the maintenance of the suit does not offend traditional notions of fair play and substantial justice . . . . Once it has been decided that a defendant purposefully established contacts with a forum state, these contacts must be considered in light of other factors to determine whether the assertion of personal jurisdiction would agree with fair play and substantial justice." (citations omitted).

P. App. 5a. The court below then proceeded to apply its five-part test: the nature and quality of the contacts, quantity of the contacts, relationship of the cause of action to the contacts, interest of the forum, and convenience or inconvenience to the parties. Finding that the first three factors were interrelated, the court considered

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v. Defiance, Inc., 951 F.2d 169, 171 (8th Cir. 1991) (where stock purchase agreement which was subject of litigation, as well as promissory note to effectuate it and guaranties were executed in Missouri, and negotiations leading up to execution were conducted in Missouri, jurisdiction did not offend fair play and substantial justice).

them together, holding that NCI voluntarily came to Minnesota with the purpose of settling several lawsuits in several different countries; NCI and 3M entered into extensive negotiations in Minnesota and elsewhere; the outcome of NCI's negotiations was a contract demanding on-going duties from both of the parties, which was made in Minnesota and is likely to be enforced under Minnesota law; and it is that specific contract, the result of NCI's contacts in Minnesota, which is now in dispute. *Id.* at 6a-7a. With respect to the final two factors of the interests of the Minnesota forum and convenience of the parties, the court stated that it agreed with the determination of the district court that the factors were evenly balanced as between Minnesota and Japan and 3M and NCI and found it unnecessary to discuss them in its opinion. *Id.* at 8a.

The Eighth Circuit in essence considered the first three *Burger King* and *Asahi* factors through the application of its five-part test and found those factors to weigh heavily in favor of jurisdiction. In addition, although not labeling its analysis as such, the opinion clearly indicates that the court made factual determinations which applied the last two *Burger King* and *Asahi* factors of "procedural and substantive interests of other states" as well. Thus, whether the Eighth Circuit literally applied the *Burger King* and *Asahi* factors or not, it still reached a result consistent with those factors.

Burden on the Defendant: First, the Eighth Circuit found that the burden on NCI was equal to that of 3M. At no time, either before the court below, or in its petition, has NCI made any showing that it would be more burdensome for NCI to litigate in Minnesota than it would

be for 3M to litigate in Japan, France, Germany and Italy. Indeed, in assessing the burden on NCI, the court below relied upon the determination of the district court that 3M and NCI were multinational corporations, suited to try any action anywhere, and the burden on NCI with having to litigate in Minnesota was balanced equally by 3M's burden of having to litigate overseas. P. App. 4a, 8a; Tr. 35.

The only contentions made by NCI before the court below which arguably touch on this issue went to the alleged inconvenience to both parties if required to litigate in Minnesota. These inconveniences, including importation of evidence from overseas and need to translate testimony and documents, do not, however, make Minnesota any more burdensome than Japan. *See*, NCI's Eighth Circuit App. Br. at 22-28. If jurisdiction is denied, 3M will be forced to pursue its claims for breach of contract not only in Japan, but also in at least three other separate forums, with each of the alleged inconveniences being multiplied. Further, in seeking to dismiss this action and require litigation of this dispute in various European forums as well as Japan, NCI has impliedly conceded that no burden exists on it to litigate in a foreign locale. The burden of defending this action in Minnesota, if such a burden even exists, is not great enough to deprive NCI of fair play and substantial justice.

Interests of the Forum: Considering this factor as part of its five-part test, the court below also found that like the burden on NCI, the interests of Minnesota were counterbalanced by the questions of foreign law which might arise. P. App. 8a; Tr. 34. It is undisputed that states have

"a manifest interest in providing effective means of redress for its residents." *McGee*, 355 U.S. at 223, 78 S. Ct. at 201 (1957). Moreover, as the district court below noted, states have a special interest in guarding the rights of residents under a contract negotiated and effectuated in the forum. Tr. 34; *Thompson*, 421 F.2d at 470. Here, NCI came to Minnesota to enter into negotiations to settle several lawsuits in several different countries. P. App. 2a, 6a-7a. The outcome of those negotiations was a contract which became binding and effective in Minnesota and which is likely to be governed by the laws of Minnesota. *Id.* at 2a-3a, 7a. Subsequently, NCI came to Minnesota to once again engage in negotiations as to its obligations under that same contract. *Id.* at 3a. Although the district court found, and the Eighth Circuit agreed, that the interests of Minnesota in this dispute are considerable, they also determined that the questions of foreign law of different nations which may be involved are a "strong countervailing factor." Tr. 34.

Unlike *Asahi*, in which only non-forum acts were concerned with the claim at issue, 3M is a forum plaintiff which seeks redress for harm allegedly arising out of a contract negotiated and entered into in the forum. NCI has made no showing that Japan, or another *single* nation, could better preserve the rights of the parties or has interests superior to Minnesota.

Interests of 3M: 3M's interest in obtaining relief in Minnesota is much more than that automatically assumed by every plaintiff in every case. As the court below noted, NCI came voluntarily to Minnesota for the purpose of terminating the ongoing litigation between 3M and NCI.

P. App. 6a. The parties entered into the contract in question in part to end the litigation over the McGrath Patent in various countries and reduce both their dispute and any future obligations and disputes into one contract. *Id.* at 6a-7a. By entering into the contract, 3M and NCI were to bring an end to the worldwide litigation over the validity and infringement of the McGrath Patents. *Id.* Since there is no single alternative forum in which 3M may resolve all of its claims, 3M has a substantial interest in litigating all issues involving the McGrath Patent in one forum. To deny 3M the means to do so, without a showing of a justifiable burden to NCI, deprives 3M of the benefit of its bargain.

Interstate Judicial System's Interest in the Most Effective Resolution of Controversies and Shared Interests of States in Furthering Fundamental Social Policies: With respect to the final two *Burger King* and *Asahi* factors, *Asahi* stands for the proposition that where an alien defendant is involved, courts should consider the procedural and substantive policies of other *nations*, as opposed to states. *Asahi*, 480 U.S. at 115, 107 S. Ct. at 1034. No "unique significance" was accorded to these factors in *Asahi*, nor are they accorded any greater weight in determining fair play and substantial justice. Recognizing that the interests in question will differ from case to case, and rejecting the requirement of a literal application of these factors, *Asahi* instructs that a court should carefully inquire into whether the assertion of jurisdiction over an alien defendant overall is reasonable, and whether serious burdens on the defendant are not outweighed by other minimal interests. *Id.* The opinion of the Eighth Circuit panel

below indicates that it was not unmindful of these factors.

The court below addressed the issue of the substantive policies of foreign nations in analyzing NCI's contention that jurisdiction is improper because this is "a foreign dispute involving NCI's foreign activities and 3M's foreign patents." P. App. 6a. Relying on *Hanson*, 357 U.S. at 254, 78 S. Ct. at 1240, the Eighth Circuit held that the issue before the court was personal jurisdiction, not choice of law, and the complexity of applying foreign patent laws becomes relevant only after jurisdiction has been established. *Id.* The court went on to illustrate its sensitivity to this factor, stating "[i]t often happens that a forum with jurisdiction must apply the law of another state or country." *Id.*[7] In doing so, this Court recognized that the need to apply the laws of other jurisdictions is not a factor which should by itself defeat jurisdiction, but instead one which can be accommodated. *Id.*[8] Finally, the

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[7] *See also Burger King*, 471 U.S. at 477, 481-482, 105 S. Ct. at 2185, 2187. *Burger King* anticipated that such issues might arise, acknowledging that a potential clash of the substantive social policies of either state may be accommodated by application of the forum's choice-of-law rules.

[8] The Seventh and Federal Circuit courts have, in fact, held the exercise of jurisdiction over a foreign patent proper. *See Ortman v. Stanray Corp.*, 437 F.2d 231, 237 (7th Cir. 1971); *Distillers Co., Ltd. v. Standard Oil Co.*, 150 USPQ (BNA) 42 (N.D. Ohio 1964). *See also, Mars Inc. v. Kabushiki-Kausha Nippon Conlux*, 24 F.3d 1368, 1374-1375 (Fed. Cir. 1994). NCI's citation to *Stein Assocs., Inc. v. Heat & Control, Inc.*, 748 F.3d 653, 658 (Fed. Cir. 1984) for the proposition that only a British court can apply British law and determine the validity and infringement of British patents predates *Mars*. It is also irrelevant, in that the

facts before the court below leave no question that the assertion of jurisdiction in Minnesota, the only single forum in which this dispute can be decided, is the most efficient resolution of this controversy.

The court below carefully considered whether the assertion of jurisdiction comported with fair play and substantial justice in this case and found that the burdens on NCI did not outweigh the interests of either 3M or the forum. Accordingly, the exercise of jurisdiction in the current case is clearly consistent with *Burger King* and *Asahi* and certiorari should be denied.

II. NO CONFLICT EXISTS AMONG THE LOWER FEDERAL AND STATE COURTS AS TO THE INTERPRETATION OF *BURGER KING* AND *ASAHI*.

Utilizing a strained interpretation of *Burger King* and *Asahi*, NCI attempts to create a conflict where none exists. The majority of the courts of appeals – the Second, Third, Fourth, Fifth, Tenth, Eleventh and District of Columbia Circuits – utilize the two-part analysis of minimum contacts and fair play and substantial justice, applying the *Burger King* and *Asahi* factors to assess the latter.[9] The

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McGrath Patent was held to be valid and infringed by the High Court of Justice in the United Kingdom. P. App. 2a.

[9] *See, e.g., A.I. Trade Finance, Inc. v. Petra Bark*, 989 F.2d 76, 83 (2d Cir. 1993); *Grand Entertainment Group, Ltd. v. Star Media Sales, Inc.*, 988 F.2d 476, 483 (3d Cir. 1993); *Lesnick v. Hollingsworth & Vose Co.*, 35 F.3d 939, 945-46 (4th Cir.), *cert. denied*, ___ U.S. ___, 115 S. Ct. 1103 (1994); *Gulf Consol. Services v. Corinth Pipeworks, S.A.*, 898 F.2d 1071, 1074 (5th Cir.), *cert. denied*,

Eighth Circuit also follows the analysis of both minimum contacts and fair play and substantial justice, which it has embodied into its own five-part test.

The alleged inconsistency of the standard utilized by the First Circuit is due more to a misinterpretation by NCI of the First Circuit precedent than any structural flaw in its test. Like the majority of circuits, the First Circuit requires both a showing of minimum contacts and fair play and substantial justice. *Ticketmaster-New York, Inc. v. Alioto*, 26 F.3d 201, 209 (1st Cir. 1994). Once minimum contacts are found, the First Circuit recognizes that a court must consider "a panoply of factors which bear upon the fairness of subjecting a nonresident to the authority of a foreign tribunal." *Id.* These five factors are the *Burger King* and *Asahi* factors, referred to in the First Circuit as "gestalt factors." *Id.*

NCI's contention that the First Circuit test utilizes a sliding scale which is in conflict with *Burger King* and *Asahi* is pure fallacy. The First Circuit holds that the weaker the prongs of minimum contacts, the more reasonableness that must be shown. *Ticketmaster*, 26 F.3d at 210. Conversely, a strong showing of reasonableness may fortify a borderline showing of minimum contacts. *Id.* This approach is entirely consistent with *Burger King*, which states that minimum contacts are to be considered in light of the fair play and substantial justice factors, and one may establish the fairness of jurisdiction even where

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498 U.S. 900, 111 S. Ct. 256 (1990); *Vermeulen v. Renault, U.S.A., Inc.*, 985 F.2d 1534, 1551 (11th Cir.), *cert. denied sub nom. Regie Nationale Des Usines Renault S.A. v. Vermeulen*, ___ U.S. ___, 113 S. Ct. 2324 (1993); *Koteen v. Bermuda Cablevision, Ltd.*, 913 F.2d 973, 975 (D.C. Cir. 1990).

there is a lesser showing of minimum contacts. *Burger King*, 471 U.S. at 477, 105 S. Ct. at 2184.

The alleged conflict between the Ninth Circuit test and *Burger King* and *Asahi* is similarly illusory. The Ninth Circuit requires a finding of minimum contacts as well, which are then considered in light of other factors to determine whether the fair play and substantial justice standard is met. *Core-Vent Corp. v. Nobel Industries AB*, 11 F.3d 1482, 1487 (9th Cir. 1993). The Ninth Circuit then utilizes a seven-part test, which embodies the *Burger King* and *Asahi* factors, to determine whether jurisdiction comports with fair play and substantial justice. *Id.* at 1487-1488. The first of these factors is the extent of the defendant's purposeful interjection into the foreign state's affairs, which is to be weighed in assessing the overall fairness of jurisdiction, as are the other factors. *Id.* at 1487-88. The Ninth Circuit has held that the smaller the amount of purposeful interjection, the less the exercise of jurisdiction is to be anticipated by the defendant, and therefore the less reasonable the exercise of jurisdiction will be. *Id.* at 1488. This approach, as the Ninth Circuit noted in *Core-Vent*, is entirely consistent with *Burger King's* holding that minimum contacts must be evaluated in light of the *Burger King* and *Asahi* factors. Clearly the standard utilized by the Ninth Circuit is not in conflict with either *Burger King* or *Asahi*.

The standard utilized by the Sixth Circuit is consistent with both *Burger King* and *Asahi* as well. In the Sixth Circuit, as in the other circuits, the inquiry is whether there are sufficient minimum contacts and jurisdiction is consistent with fair play and substantial justice. *Theunissen v. Matthews*, 935 F.2d 1454, 1459 (6th Cir. 1991).

As set forth in NCI's petition, the Sixth Circuit requires (1) the defendant purposely avail himself of the privilege of acting in the forum state or causing of consequences in the forum; (2) the cause of action arise from the defendant's activities there; and (3) the acts of the defendant or consequences have a substantial enough connection with the forum to make the exercise of jurisdiction over the defendant reasonable. *Id.* at 1460. While *Theunissen* held that an inference of reasonableness arises when the first two criteria are met, it acknowledged that under *Asahi*, when an alien defendant is involved, the *Burger King* and *Asahi* factors need to be applied. *Id.* at 1460-61. This standard is in no way inconsistent with either *Burger King* or *Asahi*. It requires both minimum contacts and fairness so as not to offend the notions of fair play and substantial justice. While purposeful availment and the fact that the cause of action arises from the defendant's activities in the forum create an inference of fairness, a fairness inquiry is still required, particularly where an alien defendant is involved. *Id.*

With respect to the Seventh Circuit, it is not in the state of disarray that NCI would have the Court believe. Not only does it utilize the required two-part analysis of minimum contacts and fair play and substantial justice, but the *Burger King* and *Asahi* factors have also been applied in considering the latter. Of the most recent decisions in the Circuit, the majority utilized and applied the *Burger King* and *Asahi* factors in assessing whether jurisdiction was consistent with fair play and substantial justice. *See, Dehmlow v. Austin Fireworks*, 963 F.2d 941, 945, 947 (7th Cir. 1992) (Seventh Circuit began its analysis with fair play and substantial justice, applying the *Asahi*

factors, then turned to the "constitutional touchstone" of minimum contacts); *Diamond Mortgage Corp. of Illinois v. Sugar*, 913 F.2d 1233, 1247 (7th Cir. 1990), *cert. denied*, 498 U.S. 1089, 111 S. Ct. 968 (1991) (citing the portion of the *Burger King* opinion listing the *Burger King* factors and finding that defendants had not demonstrated the burden was excessive, the court was not persuaded jurisdiction would violate fair play and substantial justice); *Heritage House Restaurants v. Continental Funding*, 906 F.2d 276, 284 (7th Cir. 1990) (after minimum contacts have been established, courts may consider convenience of litigating in the forum and the interests of states involved).[10] In two decisions in which the *Burger King* and *Asahi* factors were not applied by rote, the court reached decisions which, on their facts, are consistent with *Burger King* and *Asahi*.[11]

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[10] The decision of *Giotis v. Appollo of the Ozarks*, 800 F.2d 660 (7th Cir. 1986), *cert. denied*, 479 U.S. 1092, 107 S. Ct. 1383 (1987) predates *Asahi*.

[11] In *Nucor v. Aceros y Maquilas de Occidente*, 28 F.3d 572, 580 (7th Cir. 1994), the defendant appealed a finding of summary judgment on the grounds that their lack of minimum contacts precluded jurisdiction. In holding the assertion of jurisdiction was appropriate, the court relied upon a string of Seventh Circuit precedent involving negotiations in the forum leading to the contract at issue, many of which are on point here, and found that the requisite minimum contacts did exist. *Nucor*, 28 F.3d at 581. The facts in *Wilson v. Humphreys (Cayman) Ltd.*, 916 F.2d 1239, 1243 (7th Cir. 1990), *cert. denied*, 449 U.S. 947, 101 S. Ct. 350 (1991) indicate it too reached the right result. NCI noted that the court cited *Burger King*, but did not appear to apply its factors to the facts before it. Other portions of the decision indicate, however, that the court took a number of the *Burger King* factors into consideration in the *forum non conveniens* section of the opinion. *Wilson*, 916 F.2d at 1246-1247.

The decisions of the Seventh Circuit indicate that the two-part analysis for personal jurisdiction is alive and well, and the *Burger King* and *Asahi* factors along with it.

It is clear that each of the circuit courts of appeals have adopted the two-part analysis of minimum contacts and the reasonableness of jurisdiction so as to comport with fair play and substantial justice. Although the procedures utilized by the various circuits may differ in form, in substance they embody those principles required by *Burger King* and *Asahi*. Since the exercise of jurisdiction will often turn on the facts of the case at hand, the results will differ, but the standard remains the same. Different courts may disagree with the application of law to facts, but that does not mean that the standard itself is flawed or unclear. For that reason, a review of the *Burger King* and *Asahi* factors, or even the parameters of the exercise of personal jurisdiction, is both unwarranted and undesirable.

CONCLUSION

The petition for writ of certiorari should be denied.

Respectfully submitted,

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